

Treasury Department,

Bureau of the Mint,

Washington, D. C., February 1, 1899.

Mr. Hugh Craig,
President of the Chamber of Commerce,
San Francisco, California.

Dear Sir:

Your communication dated January 17th, 1899, addressed to the Secretary of the Treasury, relative to the United States Assay Office at Seattle, calls for further explanation of the policy of this Bureau, as you clearly have overlooked certain provisions of law governing the same.

You base your entire argument upon Section 3558, R. S., which you quote as "Act of June 22, 1894." I presume the "1894" is a clerical error, as the quotation is from the Act of February 12, 1873, adopted in the Act of revision, June 22, 1874.

Section 3558, to which you call attention reads as follows:

"The business of the mint of the United States at Denver while conducted as an assay-office, that of the United States assay-office at Boise City, and that of any other assay-offices hereafter established, shall be confined to the receipt of gold and silver bullion, for melting and assaying, to be returned to depositors of the same, in bars, with the weight and fineness stamped thereon."

If this was the only statute on the subject, the case would be clear as it appears to you. But it is not the only one. Section 45 of the Revised Statutes makes the following provisions as to payment of depositors at the mints and New York Assay Office:

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"For the purpose of enabling the mints and the assay-office in New York to make returns to depositors with as little delay as possible, it shall be the duty of the Secretary of the Treasury to keep in such mints and assay-office, when the state of the Treasury will admit thereof, such an amount of public money, or bullion procured for the purpose, as he shall judge convenient and necessary, out of which those who bring bullion to the said mints and assay-office may be paid the value thereof, in coin or bars, as soon as practicable after the value has been ascertained. On payment thereof being made, the bullion so deposited shall become the property of the United States. The Secretary of the Treasury may, however, at any time withdraw the fund, or any portion thereof."

In the opinion of the Solicitor of the Treasury, the authority given the Secretary of the Treasury in the last sentence to withdraw the fund must be construed in harmony with the duty imposed, to keep such fund in the state of the Treasury will admit thereof.

Following these enactments comes the Act of June 19, 1878, reading

as follows:

"And for the purpose of enabling the several mints and assay offices of the United States to make returns to depositors with as little delay as possible, the provisions of section thirty-five hundred and forty-five of the Revised Statutes of the United States shall hereafter apply to the several mints and assay offices of the United States, etc.

You will I am sure, now that these provisions are emphasized, perceive that they contemplate the purchase of bullion outright at each of the offices with payment therefor in money, or an equivalent acceptable to the depositor. In the opinion of the Solicitor, we may legally give the depositor a draft on the Treasury if that is acceptable to him, in order to save the risk and expense of transporting public money. This is what we have done at Seattle.

If money had been shipped to Seattle to pay for the bullion mints of the last six months, the cost, at the rate on bullion, would have been above \$12,000. If we follow that policy during the coming year

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cost will probably be over \$20,000. The express rate on bullion Seattle to the nearest Mint is \$2.25 per \$1,000, and if we must coin back to make the payments, the cost to the Government be-
extraordinary, and in my opinion, unjustifiable.

You urge that we pay at Seattle with drafts on the Sub-treasury San Francisco instead of with drafts on eastern Sub-treasuries.

I have hesitated to make that change from misgivings that San Fran-
cisco exchange would not in such amounts be worth par to the depos-
tors, that they would be forced to dispose of it at a discount, and
thus be forced in the end to pay in cash there, incurring the ex-
pense we desire to avoid. Inquiry has strengthened my opinion that
Seattle could not use the amount of San Francisco exchange the
Treasury Office would create during the season of active gold shipments,
and that results would work out as I have forecast.

I have not, as you suggest, expressed any fear that the San
Francisco banks may not be able to take care of the drafts we may draw
on the Sub-treasury. As they are only a few steps from that Institu-
tion it is apparent they can take all the drafts it is able to pay.
My doubt is, that the demand for them at Seattle will absorb them
completely.

I think our disagreement heretofore has been the result of mis-
apprehension. Your attention was called to the Act of June 19, 1878,
when you were in my office, and in my correspondence since I have
understood that you were familiar with it. I trust the reason why I
was willing to change the Seattle shipments to San Francisco, or pay

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at Seattle with drafts on the Sub-treasury at San Francisco, will now be clear. At present the Government pays transportation ~~but one~~ way. Drafts on Eastern Sub-treasuries are acceptable to depositors instead of cash. I understand that the discounts to which you say they have been subjected are not discounts on the drafts, but on the Assayer's receipts, which the depositors sometimes sell in preference to waiting for returns, the working force of that office having at times been unequal to the extraordinary demands upon it.

I adhere to the opinion expressed to you when here that the transportation companies operating between Seattle and San Francisco could afford a much lower rate for Government shipments than is now demanded, and I am unwilling to inaugurate shipments both ways at present rates.

Yours respectfully,



George R. Roberts
Director of the Mint.

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Section 3558, to which you call attention reads as follows:

"The business of the mint of the United States at Denver assay-office at Boise assay-office, that of the United States offices heretofore at Carson City, and that of any other assay-office hereafter established, shall be confined to the receipt of gold and silver bullion, for melting and assaying, to be returned to depositors of the same, in bars, with the weight and fineness stamped thereon."

If this was the only statute on the subject, the case would be as clear as it appears to you. But it is not the only one. Section 3515 of the Revised Statutes makes the following provisions as to the government of depositors at the mints and New York Assay Office:

"For the purpose of enabling the mints and the assay office in New York to make returns to depositors with as little delay as possible, it shall be the duty of the Secretary of the Treasury to keep in the mints and assay-office, when the state of the Treasury will admit thereof, such an amount of public money, or bullion procured out of which those who bring bullion to the said mints and assay-office may be paid the value thereof, in coin or bars, as soon as practicable after the value has been ascertained. On payment thereof being made, the bullion so deposited shall become the property of the United States. The Secretary of the Treasury may, however, at any time withdraw the fund, or any portion thereof."

In the opinion of the Solicitor of the Treasury, the authority of the Secretary of the Treasury in the last sentence to withdraw the fund is to be construed in harmony with the duty imposed, to keep such fund as the state of the Treasury will admit thereof.

Following these enactments comes the Act of June 19, 1878, reading,

"And for the purpose of enabling the several mints and assay offices of the United States to make returns to depositors with as little delay as possible, the provisions of section thirty-five

hundred and forty-five of the Revised Statutes of the United States shall hereafter apply to the several mints and assay offices of the United States, etc."

You will I am sure, now that these provisions are emphasized, perceive that they contemplate the purchase of bullion outright at each of the offices with payment therefor in money, or an equivalent acceptable to the depositor. In the opinion of the Solicitor, we may legally give a depositor a draft on the Treasury if that is acceptable to him, in order to avoid the risk and expense of transporting public money. This is what we have done at Seattle.

If money had been shipped to Seattle to pay for the bullion for the last six months, the cost, at the rate on bullion, would have been above \$12,000. If we follow that policy during the coming year the cost will probably be over \$20,000. The express rate on bullion from Seattle to the nearest Mint is \$2.25 per \$1,000, and if we must ship coin back to make the payments, the cost to the Government becomes extraordinary, and in my opinion, unjustifiable.

You urge that we pay at Seattle with drafts on the Sub-treasury at San Francisco instead of with drafts on eastern Sub-treasuries. I have hesitated to make that change from misgivings that San Francisco exchange would not in such amounts be worth par to the depositors, that they would be forced to dispose of it at a discount, and thus be forced in the end to pay in cash there, incurring the expense we desire to avoid. Inquiry has strengthened my opinion that Seattle could not use the amount of San Francisco exchange the Assay Office would create during the season of active gold shipments, and that results would work out as I have forecast.

I have not, as you suggest, expressed any fear that the San Francisco banks may not be able to take care of the drafts we may draw on the Sub-treasury. As they are only a few steps from that Institution it is apparent they can take all the drafts it is able to pay. My doubt is, that the demand for them at Seattle will absorb them at par.

I think our disagreement heretofore has been the result of misunderstanding. Your attention was called to the Act of June 19, 1878, when you were in my office, and in my correspondence since I have assumed that you were familiar with it. I trust the reason why I am declining to change the Seattle shipments to San Francisco, or pay at Seattle with drafts on the Sub-treasury at San Francisco, will now be clear. At present the Government pays transportation but one way. Drafts on Eastern Sub-treasuries are acceptable to depositors instead of cash. I understand that the discounts to which you say they have been subjected are not discounts on the drafts, but on the Assayer's receipts, which the depositors sometimes sell in preference to waiting for returns, the working force of that office having at times been unequal to the extraordinary demands upon it.

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[Signature] George E. Roberts
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